STATE of INDIANA

FILED

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INDIANA UTILITY
COMMISSION

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|---|---|
| IN THE MATTER OF THE COMMISSION | ) |
| INVESTIGATION AND GENERIC PROCEEDING | ) |
| OF RATES AND UNBUNDLED NETWORK | ) |
| ELEMENTS AND COLLOCATION FOR INDIANA | )  CAUSE NO. 42393 |
| BELL TELEPHONE COMPANY, INCORPORATED | ) |
| d/b/a SBC INDIANA PURSUANT TO THE | ) |
| TELECOMMUNICATIONS ACT OF 1996 AND | ) |
| RELATED INDIANA STATUTES | ) |

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") makes the following Entry in this Cause:

During the October 28, 2003 Technical Conference in this Cause the Presiding Officers indicated that the Commission would be requesting the parties' responses to a second set of scenarios. These scenarios are attached to this Entry as Attachment 1.

The scenarios will be used to ascertain the effect of a comprehensive change in many inputs, and are not necessarily reflective of any final Commission determination.

Responses to the scenarios, which are due November 21, 2003, should be in Excel format. The spreadsheet will contain the service description, the TELRIC cost, the % shared and common cost, and final rate for each scenario. Each scenario should be in a separate "Sheet" in Excel. Parties should work together so that the services are listed in the same order.

If you have any questions regarding the scenarios, please email Joel Fishkin using the Commission email distribution list provided in this Cause, with email copies to all parties as has been done in other electronic communications in this Cause. Commission responses to questions about the scenarios will, likewise, be sent electronically to all parties.
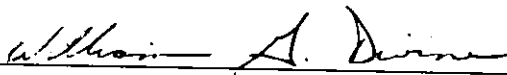
As previously noted, this Cause has been continued to December 2, 2003, at 9:30 a.m., in Room TC-10 of the Indiana Government Center South for the purpose of conducting a Technical Conference in the event that the parties cannot reach agreement on the resulting rates from the various scenarios presented in this Entry. The parties will need to explain the differences in the resulting rates at the Technical Conference. The Commission found the spreadsheets distributed at the last Technical Conference to be very helpful in explaining the differences in results. To the extent another Technical

Conference is necessary, it is requested that the parties adopt this same format for presenting differences in results.
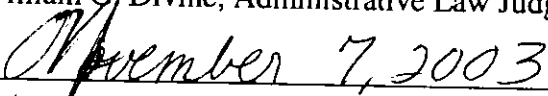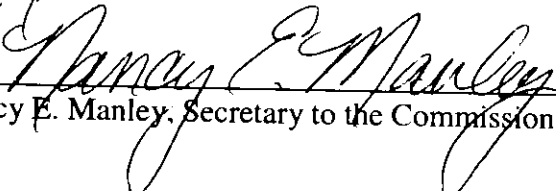
**IT IS SO ORDERED.**

_____
Larry S. Landis, Commissioner

_____
William G. Divine, Administrative Law Judge

_____
Date November 7, 2003

_____
Nancy E. Manley, Secretary to the Commission

Attachment 1

<u>Preliminary Understanding</u>
The changes below are modifications to SBC's original cost study. SBC has agreed to minor changes in its cost studies which is reflected in Rebuttal Testimony (e.g., retagging of circuits). In this scenario SBC and the CLECs will include all these changes.

<u>Response to Joint Filing on November 3, 2003</u>
Under the specific scenario are explanations responding to the <u>Joint CLEC/SBC Summary of Areas Requiring Additional Specificity</u> filed on November 3, 2003.

## Comprehensive Scenario 1

<u>Cost of Capital</u>

| | Capital Structure | | | Cost of Debt | | |
|---|---|---|---|---|---|---|
| **WACC** | LT- Debt | ST-Debt | Equity | LT | ST | Equity |
| **8.96%** | 17.05% | 14.56% | 68.39% | 5.64% | 2.73% | 11.12% |

Run CAPCS five times (once for each of the five states, than average results)

<u>Network Design</u>

- Number of FDIs: Use the percent occurrence of FDI as found on page 103 of Pitkin/Turner Reply Testimony. Modification of cell "G41" in the "Expanded _Summary" in LoopCAT

- Adjust model to reflect the terminal equipment needs (NID) of Multiple Dwelling Units (MDUs): Use the distribution of NID and terminations as reflected in Figure 8 on page 108 of Pitkin/Turner Reply

- Eliminate loops with distribution lengths over 18,000 feet

- Assume all 4-wire analog loops terminate at business locations

- Reduce the number of FDI terminations: Termination need to be changed to reflect the SBC's actual fill.

- DLC contract discounts: 3% 9/1/2004 Turner/Pitkin p. 126

- Allocation of DLC cost to DSL service: Allocate 25% of the DLC costs to DSL services Turner/Pitkin p. 128

- IDLC vs. UDLC: Assume 100% deployment of IDLC

1) 2-Wire Analog Loops, BRI Loops, Coin Loops, EKL Loops, Ground Start Loops

2) LoopCAT worksheet DLC_ILDC_COT should be used for COT figuration

- Allocation of cost of shared DLC facilities on a space occupation basis on capacity (DS0): Modify the "DS-0 Channel Capacity" on the "Yearly_Input Worksheet of LoopCAT from 24 to 4. Pitkin/Turner, p. 140

- Inclusion of Controlled Environmental Vaults (CEV): Increase the percentage of CEV as reflected in Figure 9 Pitkin/Turner page 143.

Use SBC's Loop Installation Factors without a DSL increment

- 10% of all cable shifted to next largest size: Pitkin/Turner page 151

- Larger Size of Distribution Areas: Increase FDI to the next largest size. Figure 10 on page 148; Eliminate feeder stubs, add cable to the distribution cable length, page 150; 10% of all cable shifted to next largest size, Pitkin/Turner, page 151

- Increase Termination equipment for business: Less use of 6-pair NID and move other to 25-pair terminal size. Pitkin/Turner, page 153


Labor

- Move Support Assets Factor to Common Costs

- Remove Inflation


Shared and Common Cost Study

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting from cost of capital above and SBC's depreciation.
3. Average the Pension Settlement Gains from 1994 through 2002 found in SBC's response to Joint CLEC MS-54. ($23,067,290)
4. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
5. Eliminate product advertising from marketing expense. Do not allocate UNE vs. other wholesale based on UNE Revenue.
6. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.

7. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.

Mainframe and mid-range computer investment and expense should be treated as a common cost.

The Support Assets Factor should be based on Indiana-only data.

Nonrecurring Costs

- DIP/DOP change to 85%

- Separate Connection Costs from Disconnection Costs

- Switch Provisioning -- Make Nortel and Siemans times equal to Lucent times

- Separate provisioning charges for UNE-P loops and stand-alone loops (see Turner, p. 6)

- Separate initial and additional order costs for unbundled loops

- Intermediate Distribution Frames -- Use percentage in Turner, p. 45

- Since retagging has been eliminated in the SA-UNE study, travel time for retagging should also be eliminated. (see p. 94 Turner)

- Travel Times – take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g.,

| Travel Time to CO | | | |
|---|---|---|---|
| A/M  10 minutes | Turner 8 minutes | SBC 14 minutes | Average  12 minutes |

- Activity Times that all parties have indicated should be included in Nonrecurring study –
  Take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g., see above example for travel times)

- Activity Times that one party has indicated should not be included in Nonrecurring study -- Calculate the average percent difference (CLEC – SBC/SBC) for each activity that parties agree should be in the study, then take an

3

average of those percentages.[1]  Use this percentage as a deduction from each SBC activity time.

- Computer Processing Costs – move to recurring costs as in Illinois Docket No. 98-0396

- Flow-Through (Fall-out) Percentage

Attachment SET-4 in the Reply Testimony of Mr. Turner lists all the changes to flow-through (fall-out) rates.  In his explanation he indicated some of the services are complex.  Below is what we believe is a comprehensive list of all flow-through (fall-out) rates, with the specific fall-out rates to be applied.  For convenience they are listed at fall-out rates.

| Type of Fall-out | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features **Complex** | Loops, EEL – New, EEL Conversion | Loops, EEL – New, EEL Conversion **Complex** |
|---|---|---|---|---|
| Traditional | 5% or SBC% whichever is lower | 13% or SBC% whichever is lower | 15% or SBC% whichever is lower | 23% or SBC% whichever is lower |
| Reject | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| Supplemental Order Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| 3 E Error Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| PPD Activity | 1% or SBC% whichever is | 2% or SBC% whichever is | 2% or SBC% whichever is | 4% or SBC% |

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[1] There are some examples, such as "Receipt of service order request assigned by MOR/TEL", for which the CLECs believe the task should be included, but the task takes no time.  In this case average zero with SBC's activity time.

| | lower | lower | lower | whichever is lower |
|---|---|---|---|---|
| ESOI Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ACD Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |

If SBC has indicated 100% fall-out, no change is required.

## Comprehensive Scenario 2

### Cost of Capital

| | Capital Structure | | | Cost of Debt | | |
|---|---|---|---|---|---|---|
| **WACC** | LT- Debt | ST-Debt | Equity | LT | ST | Equity |
| **8.96%** | 17.05% | 14.56% | 68.39% | 5.64% | 2.73% | 11.12% |

Run CAPCS five times (once for each of the five states, than average results)

### Fill Factor
SBC 1/99 ACAR fill -- See Response Testimony of Starkey/Fischer p. 212

Active Fiber Strands fill factors at 67%

Use distribution fill factors for customer premise terminations fill factors

### Network Design

- Number of FDIs: Use the percent occurrence of FDI as found on page 103 of Pitkin/Turner Reply Testimony. Modification of cell "G41" in the "Expanded _Summary" in LoopCAT;

- Adjust model to reflect the terminal equipment needs (NID) of Multiple Dwelling Units (MDUs): Use the distribution of NID and terminations as reflected in Figure 8 on page 108 of Pitkin/Turner Reply

- Eliminate loops with distribution lengths over 18,000 feet

- Assume all 4-wire analog loops terminate at business locations

- Reduce the number of FDI terminations: Termination need to be changed to reflect ACAR fill factor assumptions;

- DLC contract discounts: 3% 9/1/2004 Turner/Pitkin p. 126

- Inclusion of Controlled Environmental Vaults (CEV): Increase the percentage of CEV as reflected in Figure 9 Pitkin/Turner page 143.

    Use SBC's Loop Installation Factors without a DSL increment

- 10% of all cable shifted to next largest size: page 151

- Increase Termination equipment for business: Less use of 6-pair NID and move other to 25-pair terminal size. Pitkin/Turner, page 153


## Labor

- Move Support Assets Factor to Common Costs

- Remove Inflation


## Shared and Common Cost Study

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting from the cost of capital above and SBC's depreciation.
3. Average the Pension Settlement Gains from 1994 through 2002 found in SBC's response to Joint CLEC MS-54. ($23,067,290)
4. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
5. Eliminate product advertising from marketing expense. Do not allocate UNE vs. other wholesale based on UNE Revenue.
6. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.
7. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.


Mainframe and mid-range computer investment and expense should be treated as a common cost.

The Support Assets Factor should be based on Indiana-only data.

Nonrecurring Costs

- DIP/DOP change to 85%

- Separate Connection Costs from Disconnection Costs

- Switch Provisioning -- Make Nortel and Siemans times equal to Lucent times

- Separate provisioning charges for UNE-P loops and stand-alone loops (see Turner, p. 6)

- Separate initial and additional order costs for unbundled loops

- Intermediate Distribution Frames -- Use percentage in Turner, p. 45

- Since retagging has been eliminated in the SA-UNE study, travel time for retagging should also be eliminated. (see p. 94 Turner)

- Travel Times – take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g.,

| Travel Time to CO | | | |
|---|---|---|---|
| A/M  10 minutes | Turner 8 minutes | SBC 14 minutes | Average   12 minutes |

- Activity Times that all parties have indicated should be included in Nonrecurring study –
Take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g., see above example for travel times)

- Activity Times that one party has indicated should not be included in Nonrecurring study -- Calculate the average percent difference  (CLEC – SBC/SBC) for each activity that parties agree should be in the study, then take an average of those percentages.[2]  Use this percentage as a deduction from each SBC activity time.

- Computer Processing Costs – move to recurring costs as in Illinois Docket No. 98-0396

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[2] There are some examples, such as "Receipt of service order request assigned by MOR/TEL", for which the CLECs believe the task should be included, but the task takes no time.  In this case average zero with SBC's activity time.

- Flow-Through (Fall-out) Percentage

Attachment SET-4 in the Reply Testimony of Mr. Turner lists all the changes to flow-through (fall-out) rates. In his explanation he indicated some of the services are complex. Below is what we believe is a comprehensive list of all flow-through (fall-out) rates, with the specific fall-out rates to be applied. For convenience they are listed at fall-out rates.

| Type of Fall-out | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features **Complex** | Loops, EEL – New, EEL Conversion | Loops, EEL – New, EEL Conversion **Complex** |
|---|---|---|---|---|
| Traditional | 5% or SBC% whichever is lower | 13% or SBC% whichever is lower | 15% or SBC% whichever is lower | 23% or SBC% whichever is lower |
| Reject | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| Supplemental Order Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| 3 E Error Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| PPD Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ESOI Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ACD Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |

If SBC has indicated 100% fall-out, no change is required.

## Comprehensive Scenario 3

Cost of Capital

| | Capital Structure | | | Cost of Debt | | |
|---|---|---|---|---|---|---|
| **WACC** | LT- Debt | ST-Debt | Equity | LT | ST | Equity |
| **9.60%** | 31.06% | | 68.94% | 6.23% | | 11.12% |

Run CAPCS five times (once for each of the five states, than average results)

Fill Factor
SBC 1/99 ACAR  fill -- See Response Testimony of Starkey/Fischer p. 212

Active Fiber Strands fills at 67%

Use distribution fill factors for customer premise terminations fill factors

Network Design

- Number of FDIs: Use the percent occurrence of FDI as found on page 103 of Pitkin/Turner Reply Testimony.  Modification of cell "G41" in the "Expanded _Summary" in LoopCAT;

- Adjust model to reflect the terminal equipment needs (NID) of Multiple Dwelling Units (MDUs):  Use the distribution of NID and terminations as reflected in Figure 8 on page 108 of Pitkin/Turner Reply

- Eliminate  loops with copper distribution over 18,000 feet

- Assume all 4-wire analog loops terminate at business locations

- Reduce the number of FDI terminations: Termination need to be changed to reflect the ACAR fill factor

- DLC contract discounts:  3% 9/1/2004 Turner/Pitkin p. 126

- Inclusion of Controlled Environmental Vaults (CEV): Increase the percentage of CEV as reflected in Figure 9 Pitkin/Turner page 143.

  Use SBC's Loop Installation Factors without a DSL increment

9

- 10% of all cable shifted to next largest size: page 151

- Increase Termination equipment for business: Less use of 6-pair NID and move other to 25-pair terminal size. Pitkin/Turner, page 153

## Labor

- Move Support Assets Factor to Common Costs

- Remove Inflation

## Shared and Common Cost Study

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting <u>from the cost of capital above and SBC's depreciation.</u>
3. Average the Pension Settlement Gains from 1994 through 2002 found in SBC's response to Joint CLEC MS-54. ($23,067,290)
4. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
5. Eliminate product advertising from marketing expense. <u>Do not</u> allocate UNE vs. other wholesale based on UNE Revenue.
6. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.
7. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.

Mainframe and mid-range computer investment and expense should be treated as a common cost.

The Support Assets Factor should be based on Indiana-only data.

## Nonrecurring Costs

- DIP/DOP change to 85%

- Separate Connection Costs from Disconnection Costs

- Switch Provisioning -- Make Nortel and Siemans times equal to Lucent times

- Separate provisioning charges for UNE-P loops and stand-alone loops (see Turner, p. 6)

- Separate initial and additional order costs for unbundled loops

- Intermediate Distribution Frames -- Use percentage in Turner, p. 45

- Since retagging has been eliminated in the SA-UNE study, travel time for retagging should also be eliminated. (see p. 94 Turner)

- Travel Times – take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g.,

| Travel Time to CO | | | |
|---|---|---|---|
| A/M   10 minutes | Turner 8 minutes | SBC 14 minutes | Average   12 minutes |

- Activity Times that all parties have indicated should be included in Nonrecurring study –
Take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g., see above example for travel times)

- Activity Times that one party has indicated should not be included in Nonrecurring study -- Calculate the average percent difference  (CLEC – SBC/SBC) for each activity that parties agree should be in the study, then take an average of those percentages.[3]  Use this percentage as a deduction from each SBC activity time.

- Computer Processing Costs – move to recurring costs as in Illinois Docket No. 98-0396

- Flow-Through (Fall-out) Percentage

Attachment SET-4 in the Reply Testimony of Mr. Turner lists all the changes to flow-through (fall-out) rates.  In his explanation he indicated some of the services are complex.  Below is what we believe is a comprehensive list of all flow-through (fall-out) rates, with the specific fall-out rates to be applied.  For convenience they are listed at fall-out rates.

| Type of Fall-out | UNE-P Existing, UNE-P New | UNE-P Existing, | Loops, EEL – New, EEL | Loops, EEL – New, EEL |
|---|---|---|---|---|

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[3] There are some examples, such as "Receipt of service order request assigned by MOR/TEL", for which the CLECs believe the task should be included, but the task takes no time.  In this case average zero with SBC's activity time.

11

| | Combination, Combination ULS Port, ULS Port, ULS Port Features | UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features **Complex** | Conversion | Conversion **Complex** |
|---|---|---|---|---|
| Traditional | 5% or SBC% whichever is lower | 13% or SBC% whichever is lower | 15% or SBC% whichever is lower | 23% or SBC% whichever is lower |
| Reject | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| Supplemental Order Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
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| ESOI Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ACD Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |

If SBC has indicated 100% fall-out, no change is required.

## Comprehensive Scenario 4

Cost of Capital

| | Capital Structure | | | Cost of Debt | | |
|---|---|---|---|---|---|---|
| **WACC** | LT- Debt | ST-Debt | Equity | LT | ST | Equity |
| **8.96%** | 17.05% | 14.56% | 68.39% | 5.64% | 2.73% | 11.12% |

Run CAPCS five times (once for each of the five states, than average results)

Fill Factor
Calculate the average of the ACAR fills and SBC actual fills for each fill factor through all applicable cost tools.

Network Design

- Adjust model to reflect the terminal equipment needs (NID) of Multiple Dwelling Units (MDUs): Use the distribution of NID and terminations as reflected in Figure 8 on page 108 of Pitkin/Turner Reply

- Eliminate loops with distribution lengths over 18,000 feet

- Assume all 4-wire analog loops terminate at business locations

- DLC contract discounts: 3% 9/1/2004 Turner/Pitkin p. 126

- Increase Termination equipment for business: Less use of 6-pair NID and move other to 25-pair terminal size. Pitkin/Turner, page 153

Labor

- Move Support Assets Factor to Common Costs

- Remove Inflation

Shared and Common Cost Study

1. Remove the forward-looking adjustment from the Common cost denominator. (CLEC Adj. #1)
2. Use capital cost factors resulting from the cost of capital above and SBC's depreciation.
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4. Use the Avoided Wholesale Discount to adjust the common cost expenses (numerator) to remove costs attributable to retail.
5. Eliminate product advertising from marketing expense. Do not allocate UNE vs. other wholesale based on UNE Revenue.
6. Remove non-regulated portion of expenses and investment using the percentages from SBC's ARMIS 43-03 report filed with the FCC.
7. Incorporate Indiana portion of support asset costs recovered through NRC and ACF studies.

Mainframe and mid-range computer investment and expense should be treated as a common cost.

The Support Assets Factor should be based on Indiana-only data.

Nonrecurring Costs

- DIP/DOP change to 85%

- Separate Connection Costs from Disconnection Costs

- Switch Provisioning -- Make Nortel and Siemans times equal to Lucent times

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- Separate initial and additional order costs for unbundled loops

- Intermediate Distribution Frames -- Use percentage in Turner, p. 45

- Since retagging has been eliminated in the SA-UNE study, travel time for retagging should also be eliminated. (see p. 94 Turner)

- Travel Times – take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g.,

| Travel Time to CO | | | |
|---|---|---|---|
| A/M  10 minutes | Turner 8 minutes | SBC 14 minutes | Average   12 minutes |

- Activity Times that all parties have indicated should be included in Nonrecurring study –
Take highest time from Ankum/Morrison or Turner and then use that to calculate average time with SBC. (e.g., see above example for travel times)

- Activity Times that one party has indicated should not be included in Nonrecurring study -- Calculate the average percent difference (CLEC – SBC/SBC) for each activity that parties agree should be in the study, then take an average of those percentages.[4] Use this percentage as a deduction from each SBC activity time.

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[4] There are some examples, such as "Receipt of service order request assigned by MOR/TEL", for which the CLECs believe the task should be included, but the task takes no time. In this case average zero with SBC's activity time.

- Computer Processing Costs – move to recurring costs as in Illinois Docket No. 98-0396

- Flow-Through (Fall-out) Percentage

Attachment SET-4 in the Reply Testimony of Mr. Turner lists all the changes to flow-through (fall-out) rates. In his explanation he indicated some of the services are complex. Below is what we believe is a comprehensive list of all flow-through (fall-out) rates, with the specific fall-out rates to be applied. For convenience they are listed as fall-out rates.

| Type of Fall-out | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features | UNE-P Existing, UNE-P New Combination, Combination ULS Port, ULS Port, ULS Port Features **Complex** | Loops, EEL – New, EEL Conversion | Loops, EEL – New, EEL Conversion **Complex** |
|---|---|---|---|---|
| Traditional | 5% or SBC% whichever is lower | 13% or SBC% whichever is lower | 15% or SBC% whichever is lower | 23% or SBC% whichever is lower |
| Reject | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| Supplemental Order Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| 3 E Error Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| PPD Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ESOI Activity | 1% or SBC% whichever is lower | 2% or SBC% whichever is lower | 2% or SBC% whichever is lower | 4% or SBC% whichever is lower |
| ACD Activity | 1% or SBC% | 2% or SBC% | 2% or SBC% | 4% or |

| | whichever is lower | whichever is lower | whichever is lower | SBC% whichever is lower |
|---|---|---|---|---|

If SBC has indicated 100% fall-out, no change is required.